

Third Quarter 2023 Results

November 16, 2023



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Information

Quarterly statements are unaudited and not subject to any review. Audit procedures have been carried out for the full year consolidated financial statements. Unless otherwise specified, indicated variations are expressed in comparison with the same period of the previous year.

Agenda

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Q3 2023 Highlights

Philippe Guillemot
*Chairman &
Chief Executive Officer*



Third Quarter 2023 Highlights

Results & Outlook

Continued New Vallourec Execution and Balance Sheet Deleveraging

- EBITDA of €222m up €24m YoY driven by robust Tubes profitability
 - Tubes EBITDA of €193m (up €25m YoY) supported by 20% YoY average selling price increase and overall strong operating performance in Eastern Hemisphere
 - Mine & Forest EBITDA of €39m (stable YoY): ~0.3 million tonne YoY increase in mine production sold was offset by YoY reduction in non-cash forest revaluation (IAS 41)
- Adjusted free cash flow of €217m
- Net debt halved year-over-year: reduced from €1,493m to €741m
- Full Year 2023 EBITDA now expected to range from €1,075m to €1,175m versus prior €950m to €1,100m

Commercial & Operational

Tubes Market Remains Strong

- International tubes demand continues to increase; prices on new orders rising
 - Received a \$300m order in Saudi Arabia to serve strong demand on top of existing long-term agreement
 - Implementing new pricing policies to further China premiumization strategy
- US bookings have recovered; expect market prices to stabilize in near-term
 - Distributor inventories are declining as imports continue to decrease; drilling activity appears to be stabilizing

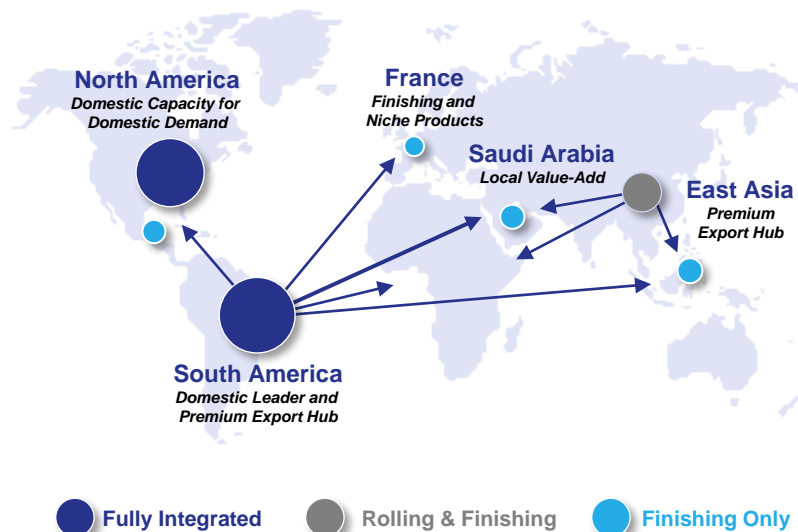
YoY = Year over Year

The New Vallourec Plan

Key objectives of the New Vallourec plan



New Vallourec production footprint (2024)



¹ Measured versus 2021 baseline, consistent with New Vallourec plan announced in May 2022. Full effect expected in Q2 2024. FCF is aligned with prior definition of free cash flow.

² FCF is aligned with prior definition of free cash flow. See "Definitions of Non-GAAP Financial Data." Target excludes the impact of working capital.

Update: New Vallourec Near-Term Targets

Year-End Target	Current Status
● Closure of German tube operations	Tube production to be finalized imminently, ahead of schedule
● Execution of €110m capex program in Brazil	Final phases of project underway, full benefits to be realized in 2024
● Reducing global overhead by €100 million	Cost reductions expected to be substantially completed around year-end
● Executing premiumization strategy in China	Implementing further improved pricing policies and progressing customer qualifications
● Expansion of local capacity in Saudi Arabia	Installing equipment for second project phase, full benefits to be realized in early 2024



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Market & Commercial Environment

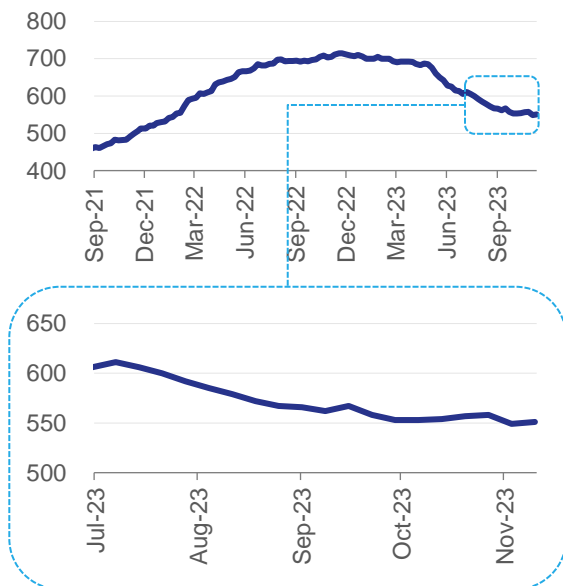
Philippe Guillemot
*Chairman &
Chief Executive Officer*



US OCTG Market: Expecting Stabilization in Near-Term

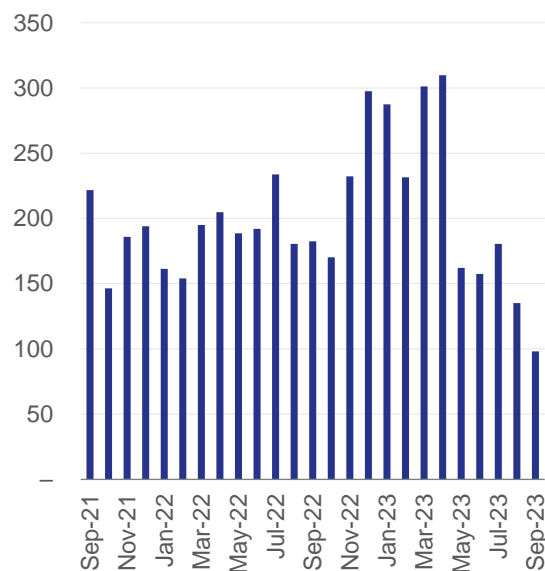
Rig count appears to be stabilizing

US Horizontal Rig Count



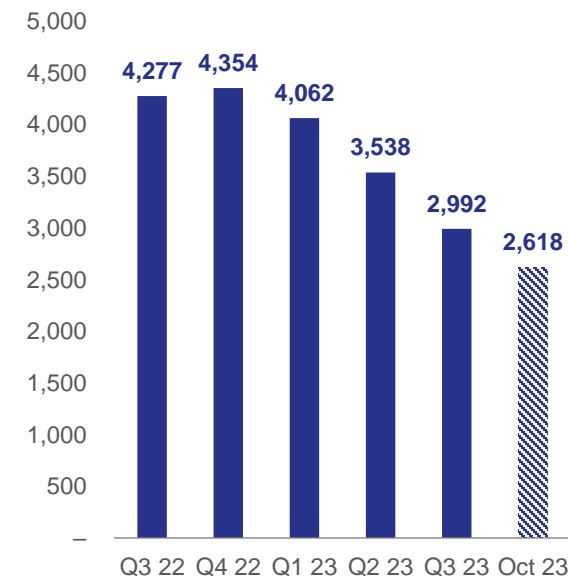
Imports at multi-year lows

Monthly US OCTG Imports (Th. Tonnes)



OCTG prices near global averages

Seamless OCTG Price (\$ / Tonne)



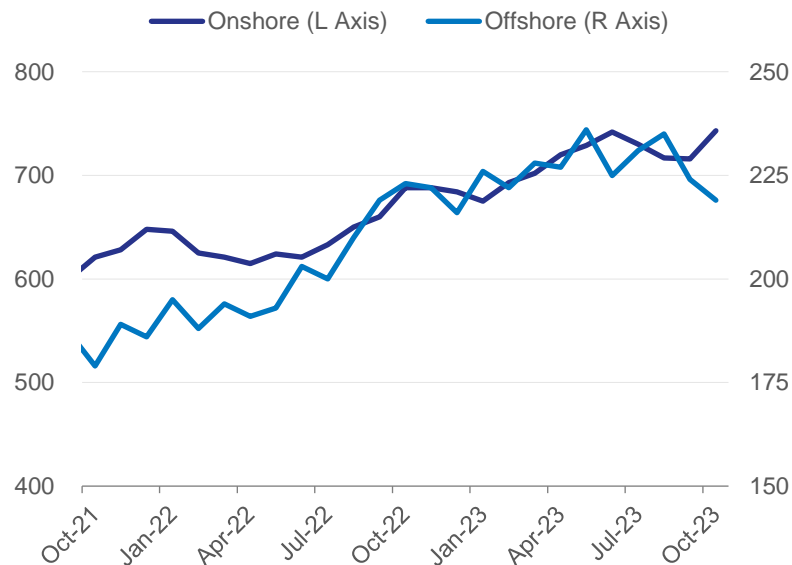
Sources: Baker Hughes, US Department of Commerce, PipeLogix. Reflects average pricing for all seamless products.

International OCTG Market: Broad-Based Demand Strength

International rig count holding at healthy levels

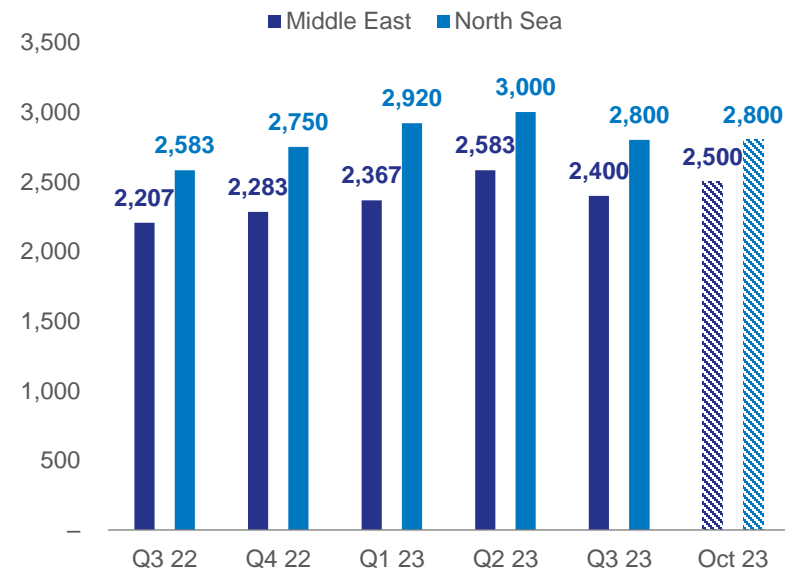
Onshore Rig Count

Offshore Rig Count



Market pricing solid, new order prices increasing

Seamless OCTG Price (\$ / Tonne)

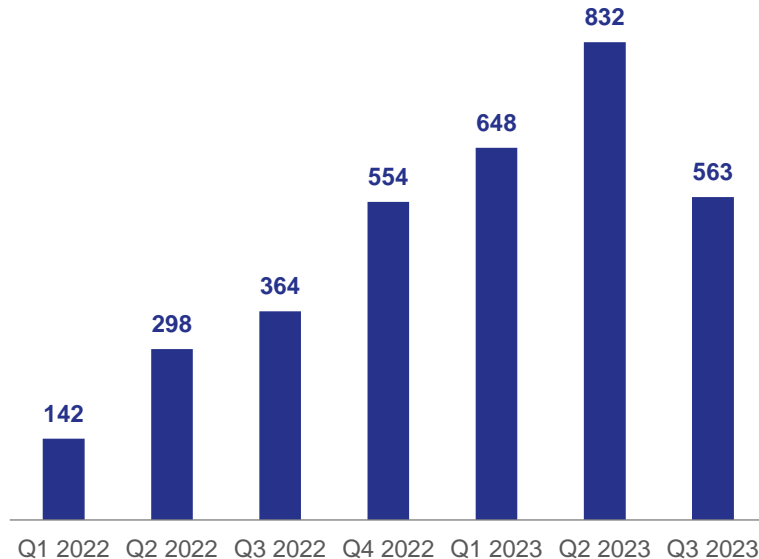


Sources: Baker Hughes, Rystad Energy. OCTG pricing reflects price of L80 tubes (Premium) in Jebel Ali (Middle East) and North Sea.

Tubes Overview: Profitability Remains Robust

Tubes profitability down sequentially, up YoY

Tubes EBITDA / Tonne (€)



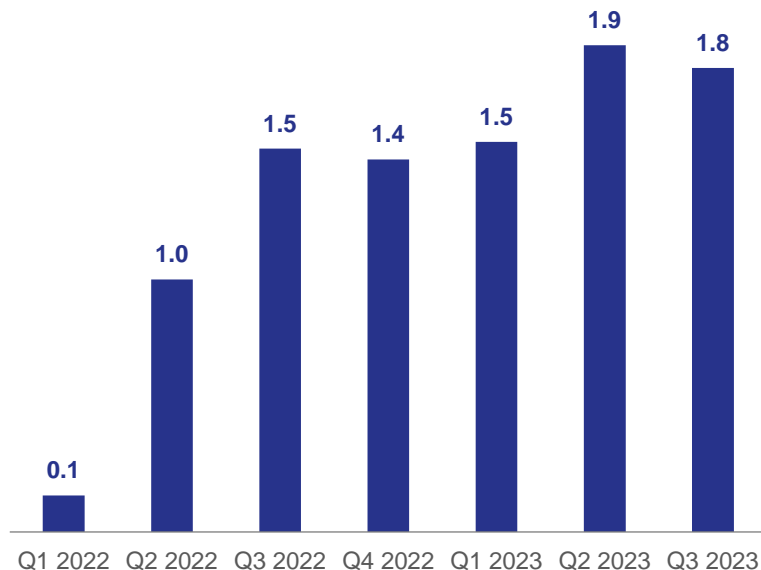
Key business highlights

- Tubes results improved YoY but down sequentially due to US market dynamics
 - EBITDA outside of US continues to grow driven by strong market conditions and execution
 - US volumes and pricing down sequentially, expect to see a volume recovery in 4Q offset by lower pricing
 - Booking trends remain robust, particularly driven by high demand from our core Middle East customers
- Continued profitability enhancement opportunities from New Vallourec plan
 - Brazil capacity enhancement and Saudi Arabia capacity expansions to be fully operational in early 2024
 - Implementing further improved pricing policies for our premiumization program in China and progressing customer qualifications

Mine & Forest Overview

Mine production down slightly in Q3

Iron Ore Production Sold (Million Tonnes)



Key business highlights

- Mine EBITDA flattish year-over-year due to offsetting iron ore price and non-cash IAS 41 forest revaluation impacts
- Expect production sold to be 1.7m tonnes in Q4 2023 before moving closer to the 6.0m tonne per annum run-rate in early 2024
- Continuing to advance Phase 1 and Phase 2 extensions
 - Working with regulators to obtain necessary permits for Phase 1 extension
 - Executing significant project planning and capex analysis to ensure efficient project delivery for both Phase 1 and Phase 2



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Q3 Results Review

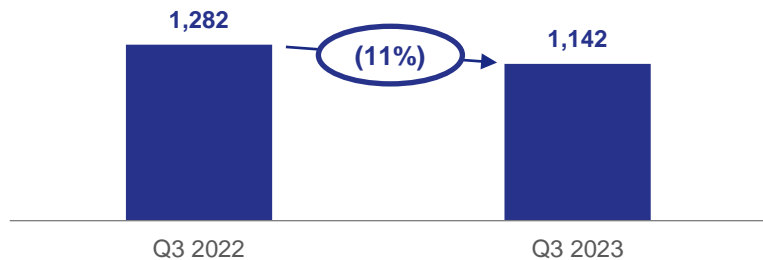
Sascha Bibert
Chief Financial Officer



Key Group Figures

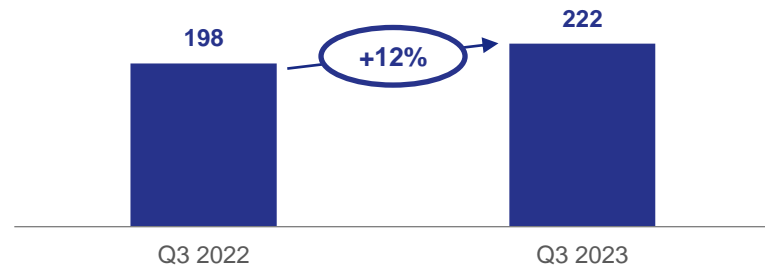
Revenues

€ Million



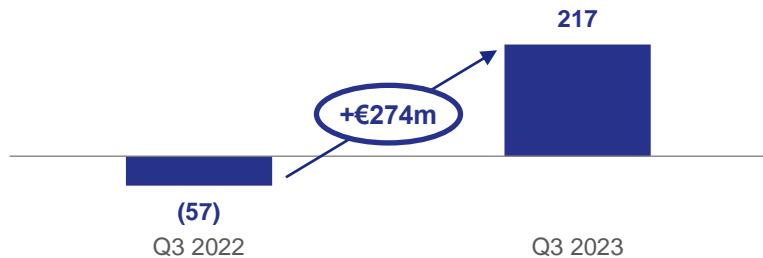
EBITDA

€ Million



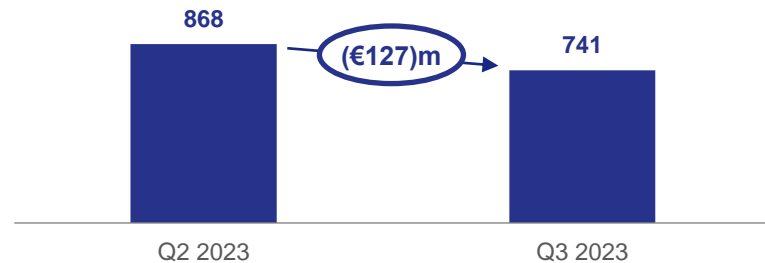
Adjusted Free Cash Flow

€ Million



Net Debt

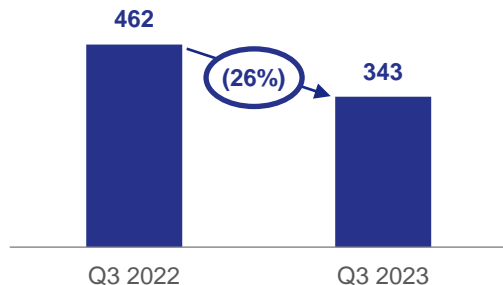
€ Million



Tubes Production and Revenue Details

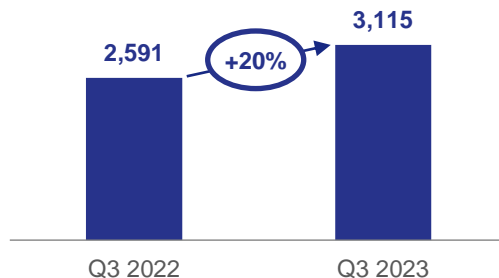
Volume Sold

Thousand Tonnes



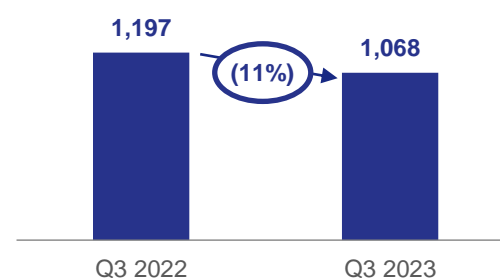
Average Selling Price

€ / Tonne



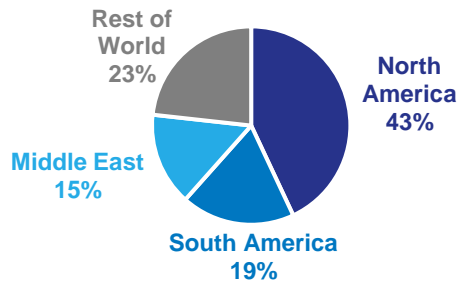
Revenues

€ Million



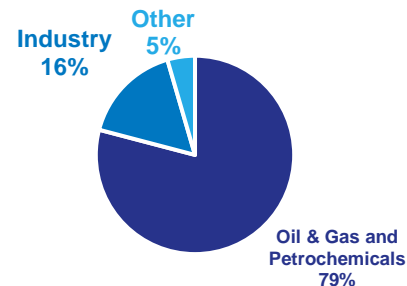
Revenue Mix by Geography

% of Q3 2023 Revenues



Revenue Mix by Market

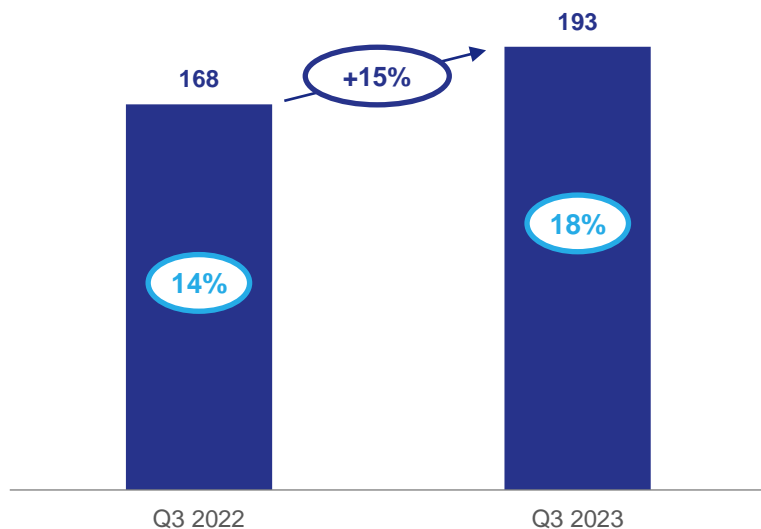
% of Q3 2023 Revenues



Tubes Profitability

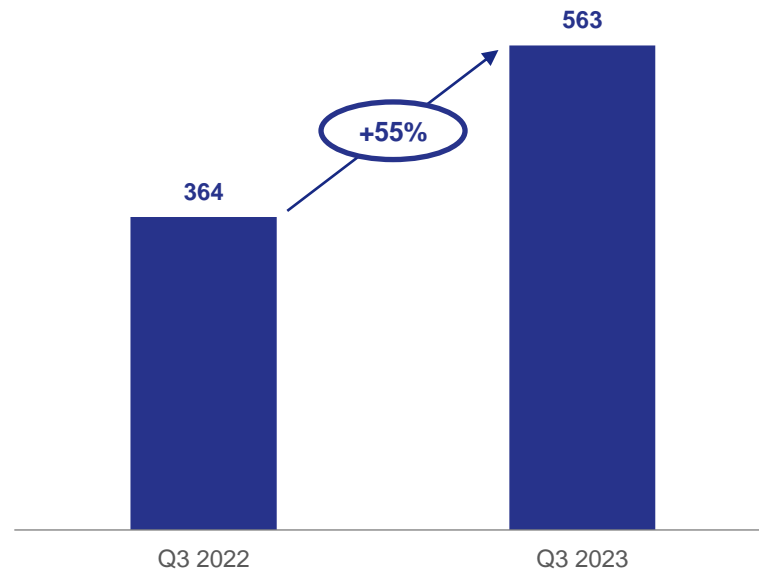
EBITDA and EBITDA Margin

€ Million and % of Revenues



EBITDA per Tonne

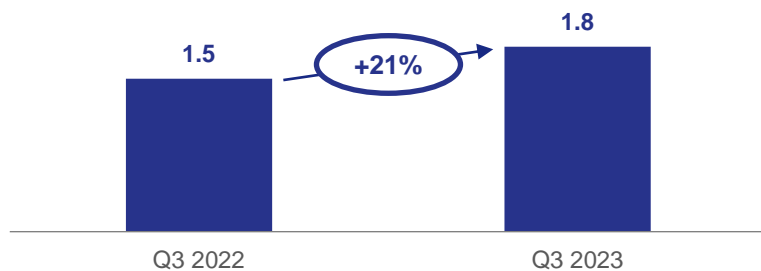
€ / Tonne



Mine & Forest Performance

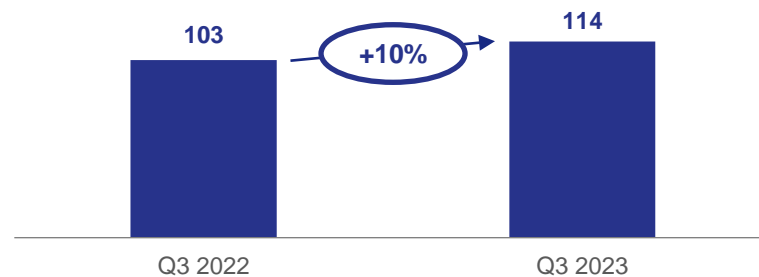
Production Sold

Million Tonnes



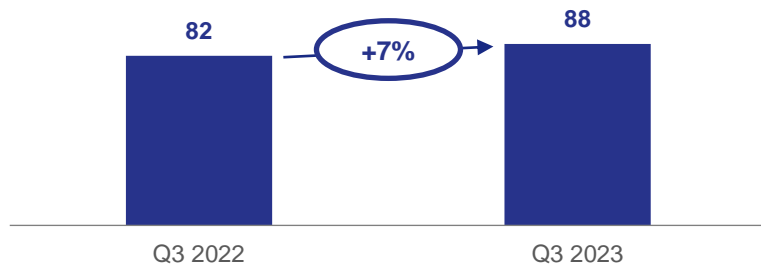
Average Iron Ore Price

\$ / Tonne (Quarterly Average)



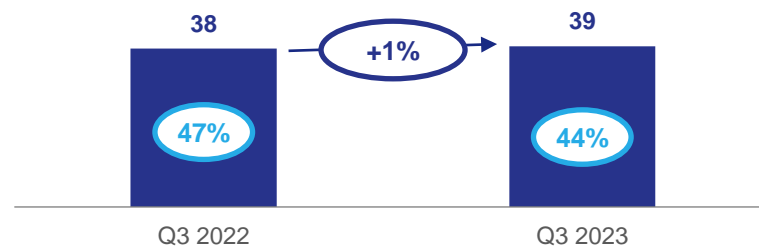
Revenues

€ Million



EBITDA

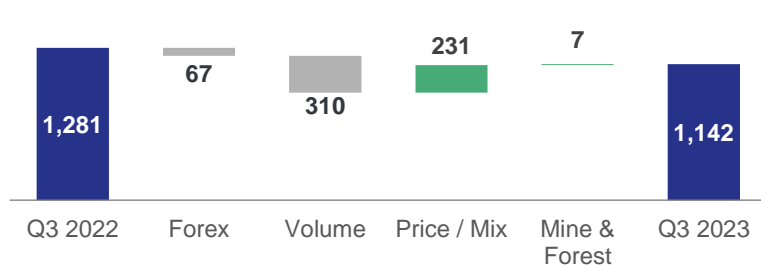
€ Million and % of Revenues



Group Financial Analysis

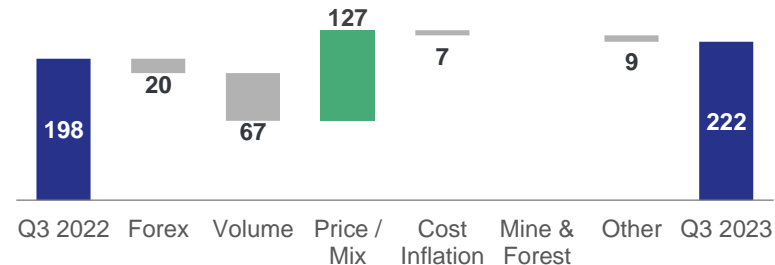
YoY Revenue Bridge

€ Million



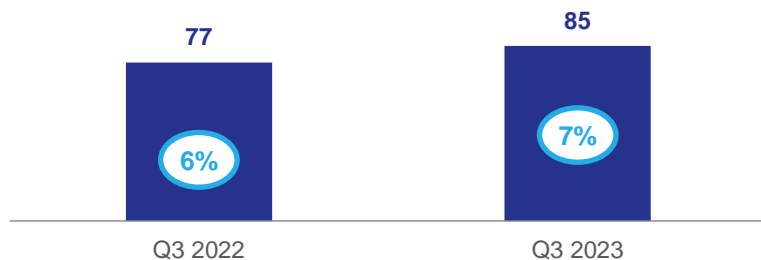
YoY EBITDA Bridge

€ Million



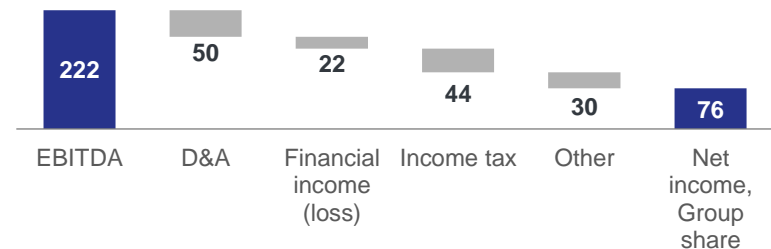
SG&A Expense Trend

€ Million and % of Revenues



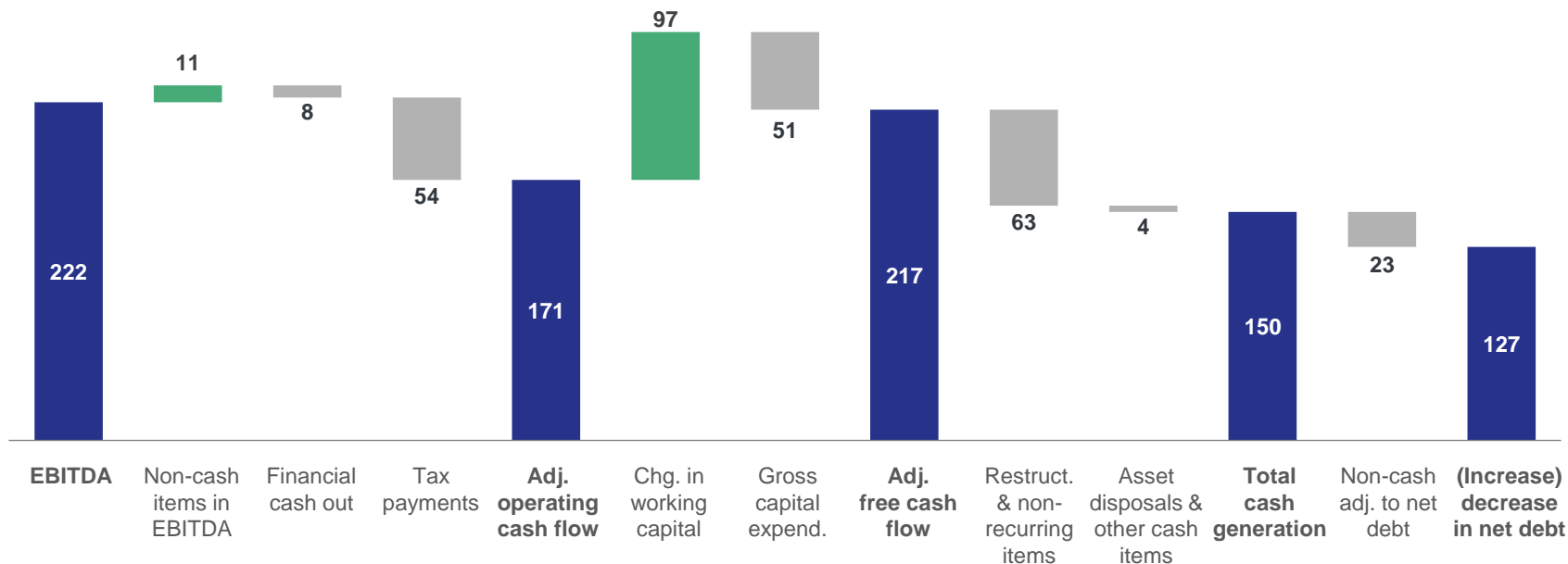
EBITDA to Net Income Bridge

€ Million



Group Cash Flow Bridge

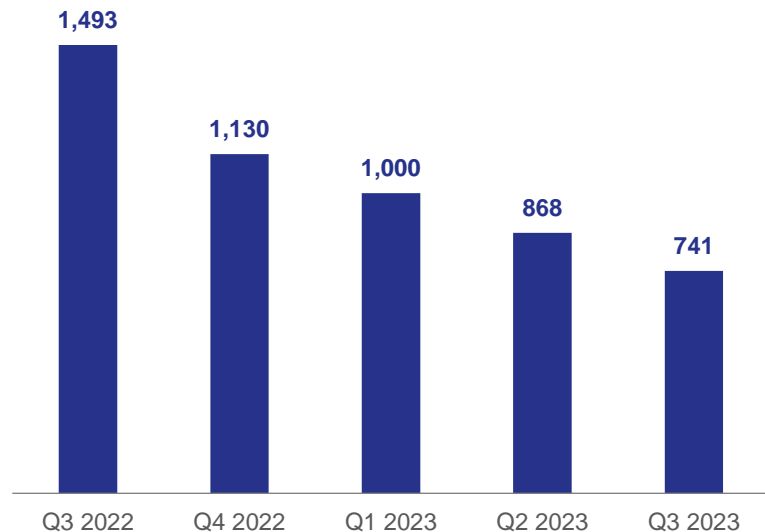
€ Million



Net Debt and Liquidity

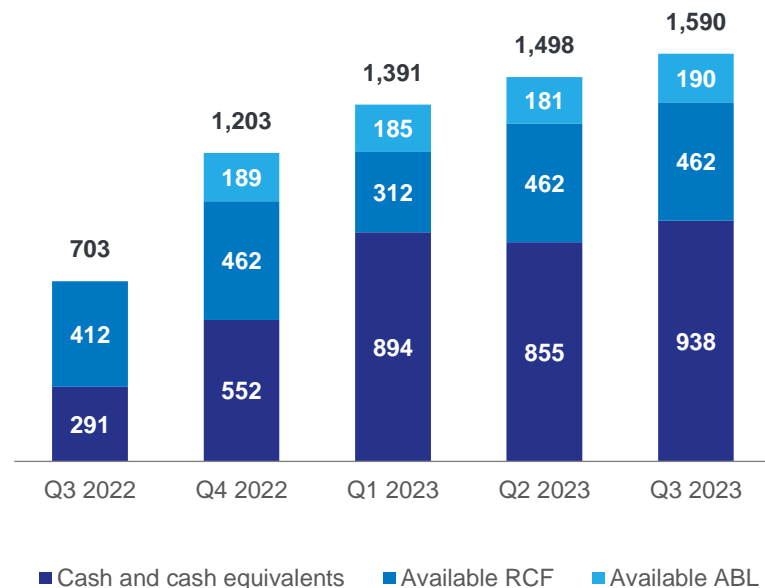
Net Debt

€ Million



Liquidity

€ Million



The background of the slide is a photograph of an industrial steel mill. In the foreground, a large, glowing orange-red metal pipe is being processed by machinery. In the background, there are various industrial structures, including a large cylindrical tank and a worker in a yellow safety vest and white hard hat standing on a yellow metal platform. The sky is blue with some clouds. A large blue circle with a white border is positioned in the upper left, containing the number '5' in white. A blue diagonal shape is also present on the left side of the slide.

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Outlook & Key Takeaways

Philippe Guillemot
*Chairman &
Chief Executive Officer*



Earnings and Cash Flow Outlook

Q4 2023

- Tubes: continuation of offsetting US and international pricing dynamics
 - Expect improvement in International EBITDA due to strong market environment and further improved execution
 - Expect lower pricing in the US, largely offset by a recovery in volumes
- Mine & Forest: volumes to be down slightly to 1.7m tonnes with cost per tonne similar to Q3

FY 2023

- Raising full-year 2023 EBITDA outlook: EBITDA to range between €1,075m and €1,175m
 - Increased versus prior €950m – €1,100m range due to continued strong market environment in Eastern Hemisphere and solid operational performance
- Total cash generation to be positive in the fourth quarter 2023 excluding any potential benefit of asset sales
- Net debt to decline versus Q3 2023 level excluding any potential benefit of asset sales

Post 2023

- Tubes business remains in a multi-year upturn due to robust oil & gas market fundamentals
- Full €230m run-rate EBITDA impact¹ of the initial phase of the New Vallourec plan to be realized in Q2 2024
- Further profitability tailwinds to be realized from premiumization in China and operational excellence initiatives in Brazil
- Advancing Extension Phase 1 and Phase 2 at the Pau Branco iron ore mine to drive long-term EBITDA growth
- Targeting FCF positive operations through-cycle and zero net debt by year-end 2025 at the latest

¹ Measured vs. 2021 baseline

Key Takeaways

1

We are on track to realize the initial €230m EBITDA benefit of the New Vallourec plan in 2024 and see more opportunities ahead

2

The premium tubes business remains in a multi-year upturn due to robust customer activity and constrained supply

3

We remain on track to deleverage our balance sheet and then aim to distribute a peer-leading 80-100% of total cash generation

A worker in a blue hard hat and safety glasses is working on a large metal pipe in an industrial setting. The worker is wearing a dark blue jacket with yellow reflective stripes and black gloves. The background shows industrial equipment and structures.

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Appendices

Analyst Toolkit

EBITDA	€1,075m - €1,175m
<u>Cash Flow Items</u>	
Financial cash out	~€150m
Tax payments	~€175m
Gross capital expenditures	~€220m
<i>of which: Recurring investment</i>	~€150m
<i>of which: New Vallourec implementation</i>	~€70m
Restructuring charges & non-recurring items	~€350m

Key Performance Indicators

		Q3 2023	Q2 2023	Q3 2022	QoQ chg.	YoY chg.
Tubes	Volume sold*	343	396	462	(14%)	(26%)
	Revenue (€m)	1,068	1,279	1,197	(16%)	(11%)
	Average Selling Price (€)	3,115	3,226	2,591	(3%)	20%
	EBITDA (€m)	193	330	168	(42%)	15%
	Capex (€m)	44	61	29	(28%)	52%
Mine & Forest	Volume sold*	1.8	1.9	1.5	(5%)	21%
	Revenue (€m)	88	93	82	(5%)	7%
	EBITDA (€m)	39	50	38	(22%)	1%
	Capex (€m)	6	5	24	20%	(75%)
H&O	Revenue (€m)	47	51	43	(8%)	9%
	EBITDA (€m)	(10)	(5)	(9)	100%	11%
Int.	Revenue (€m)	(62)	(65)	(41)	(5%)	51%
	EBITDA (€m)	–	(1)	–	nm	nm
Total	Revenue (€m)	1,142	1,358	1,282	(16%)	(11%)
	EBITDA (€m)	222	374	198	(41%)	12%
	Capex (€m)	51	66	53	(23%)	(4%)

* Volume sold in thousand tonnes for Tubes and in million tonnes for Mine

H&O = Holding & Other, Int. = Intersegment Transactions

nm = not meaningful

Tubes Revenue Breakdown

Revenue by Region

<i>in € million</i>	Q3 2023	Q2 2023	Q3 2022	QoQ % chg.	YoY % chg.
North America	460	663	544	(31%)	(16%)
South America	198	229	212	(13%)	(6%)
Middle East	162	157	118	3%	37%
Europe	116	102	135	14%	(14%)
Asia	80	73	100	10%	(20%)
Rest of World	52	56	87	(7%)	(41%)
Total Tubes	1,068	1,279	1,197	(16%)	(11%)

Revenue by Market

<i>in € million</i>	Q3 2023	Q2 2023	Q3 2022	QoQ % chg.	YoY % chg.	YoY % chg. at Constant FX
Oil & Gas and Petrochemicals	845	1,039	885	(19%)	(5%)	1%
Industry	175	207	285	(15%)	(38%)	(37%)
Other	48	33	27	47%	78%	132%
Total Tubes	1,068	1,279	1,197	(16%)	(11%)	(5%)

Income Statement

€ million, unless noted	Q3 2023	Q2 2023	Q3 2022	QoQ chg.	YoY chg.
Revenues	1,142	1,358	1,282	(216)	(140)
Cost of sales	(818)	(890)	(1,004)	72	186
Industrial margin	324	468	278	(144)	46
<i>(as a % of revenue)</i>	28.4%	34.5%	21.7%	(6.1) pp	6.7 pp
Selling, general and administrative expenses	(85)	(84)	(77)	(1)	(8)
<i>(as a % of revenue)</i>	(7.4%)	(6.2%)	(6.0%)	(1.3) pp	(1.4) pp
Other	(17)	(10)	(3)	(7)	(14)
EBITDA	222	374	198	(152)	24
<i>(as a % of revenue)</i>	19.4%	27.5%	15.4%	(8.1) pp	4.0 pp
Depreciation of industrial assets	(41)	(45)	(47)	4	6
Amortization and other depreciation	(9)	(9)	(11)	–	2
Impairment of assets	-	(8)	–	–	–
Asset disposals, restructuring costs and non-recurring items	(26)	(55)	(51)	29	25
Operating income (loss)	146	258	89	(112)	57
Financial income (loss)	(22)	(24)	(30)	2	8
Pre-tax income (loss)	124	234	59	(110)	65
Income tax	(44)	(70)	(53)	26	9
Share in net income (loss) of equity affiliates	–	1	(1)	(1)	1
Net income	81	164	6	(83)	75
Attributable to non-controlling interests	5	5	–	–	5
Net income, Group share	76	159	6	(83)	70
Basic earnings per share (€)	0.33	0.68	0.03	(0.35)	0.31
Diluted earnings per share (€)	0.32	0.68	0.03	(0.36)	0.30
Basic shares outstanding (millions)	229	233	229	(4)	0
Diluted shares outstanding (millions)	236	236	229	(1)	7

Balance Sheet

In € million

Assets	30-Sep-23	31-Dec-22	Liabilities	30-Sep-23	31-Dec-22
Net intangible assets	45	37	Equity - Group share	2,120	1,643
Goodwill	42	40	Non-controlling interests	53	42
Net property, plant and equipment	1,886	1,829	Total equity	2,173	1,685
Biological assets	74	63	Bank loans and other borrowings (A)	1,352	1,367
Equity affiliates	16	16	Lease debt	43	51
Other non-current assets	181	187	Employee benefit commitments	84	105
Deferred taxes	271	238	Deferred taxes	87	52
Total non-current assets	2,515	2,409	Provisions and other long-term liabilities	304	297
Inventories	1,366	1,312	Total non-current liabilities	1,870	1,871
Trade and other receivables	765	824	Provisions	300	355
Derivatives - assets	32	41	Overdraft & other short-term borrowings (B)	327	314
Other current assets	285	211	Lease debt	18	20
Cash and cash equivalents (C)	938	552	Trade payables	819	787
Total current assets	3,386	2,939	Derivatives - liabilities	44	36
Assets held for sale and discontinued operations	6	9	Other current liabilities	354	286
Total assets	5,907	5,358	Total current liabilities	1,862	1,797
			Liabilities held for sale and discontinued operations	2	4
			Total equity and liabilities	5,907	5,358
Net financial debt (A+B-C)	741	1,130	Net income (loss), Group share	391	(366)

Cash Flow Summary

<i>In € million</i>	Q3 2023	Q2 2023	Q3 2022	QoQ chg.	YoY chg.
EBITDA	222	374	198	(152)	24
Non-cash items in EBITDA	11	(21)	(39)	32	50
Financial cash out	(8)	(61)	(9)	53	1
Tax payments	(54)	(60)	(18)	6	(36)
Adjusted operating cash flow	171	232	132	(61)	39
Change in working capital	97	8	(135)	89	232
Gross capital expenditure	(51)	(66)	(54)	15	3
Adjusted free cash flow	217	174	(57)	43	274
Restructuring charges & non-recurring items	(63)	(59)	(23)	(4)	(40)
Asset disposals & other cash items (A)	(4)	3	(13)	(7)	9
Total cash generation (B)	150	118	(93)	32	243
Non-cash adjustments to net debt	(23)	14	(12)	(37)	(11)
(Increase) decrease in net debt	127	132	(105)	(5)	232
Free cash flow, as previously defined (B-A)	154	115	(81)	39	235

Financial Indebtedness and Liquidity

Financial Indebtedness

<i>In € million</i>	30-Sep-23	31-Dec-22
8.500% Bonds due 2026	1,113	1,135
1.837% PGE due 2027	227	220
ACC ACE ^(a)	271	282
Other	68	43
Total gross financial indebtedness	1,679	1,681
Cash and cash equivalents	938	552
Total net financial indebtedness	741	1,130

(a) Refers to ACC (Advances on Foreign Exchange Contract) and ACE (Advances on Export Shipment Documents) program in Brazil

Liquidity

<i>In € million</i>	30-Sep-23	31-Dec-22
Cash and cash equivalents	938	552
Available RCF	462	462
Available ABL ^(a)	190	189
Total liquidity	1,590	1,203

(a) This \$210m committed ABL is subject to a borrowing base calculation based on eligible accounts receivable and inventories, among other items. The borrowing base is currently in excess of the committed amount. Availability is shown net of approximately \$9m of letters of credit and other items.

Definitions of Non-GAAP Financial Data and Concepts

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Adjusted free cash flow is defined as adjusted operating cash flow +/- change in operating working capital and gross capital expenditures. It corresponds to net cash used in operating activities less restructuring and non-recurring items +/- gross capital expenditure.

Adjusted operating cash flow is defined as EBITDA adjusted for non-cash benefits and expenses, financial cash out and tax payments.

Asset disposals and other cash items includes cash inflows from asset sales as well as other investing and financing cash flows.

Change in working capital refers to the change in the operating working capital requirement.

Data at constant exchange rates: The data presented “at constant exchange rates” is calculated by eliminating the translation effect into euros for the revenue of the Group’s entities whose functional currency is not the euro. The translation effect is eliminated by applying Year N-1 exchange rates to Year N revenue of the contemplated entities.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization is calculated by taking operating income (loss) before depreciation and amortization, and excluding certain operating revenues and expenses that are unusual in nature or occur rarely, such as:

- impairment of goodwill and non-current assets as determined within the scope of impairment tests carried out in accordance with IAS 36;
- significant restructuring expenses, particularly resulting from headcount reorganization measures, in respect of major events or decisions;
- capital gains or losses on disposals;
- income and expenses resulting from major litigation, significant roll-outs or capital transactions (e.g., costs of integrating a new activity).

Financial cash out includes interest payments on financial and lease debt, interest income and other financial costs.

Definitions of Non-GAAP Financial Data and Concepts

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Free cash flow, as previously defined, may continue to be derived as follows: total cash generation - asset disposals & other cash items. This is also defined as EBITDA adjusted for changes in provisions, less interest and tax payments, changes in working capital, less gross capital expenditures, and less restructuring/other cash outflows.

Gross capital expenditure: gross capital expenditure is defined as the sum of cash outflows for acquisitions of property, plant and equipment and intangible assets and cash outflows for acquisitions of biological assets.

(Increase) decrease in net debt (alternatively, “change in net debt”) is defined as total cash generation +/- non-cash adjustments to net debt.

Industrial margin: The industrial margin is defined as the difference between revenue and cost of sales (i.e. after allocation of industrial variable costs and industrial fixed costs), before depreciation.

Lease debt is defined as the present value of unavoidable future lease payments.

Midcycle or normalized earnings and cash flow simulations and related assumptions do NOT represent guidance, a forecast, a target or an outlook of Vallourec for any particular financial year, but aim to represent an abstract average across cycles and across different circumstances to illustrate, in a volatile and unpredictable environment, the theoretical functioning of the New Vallourec. Conceptually these should be understood as approximate levels to be observed on average, over a long period of time and through various economic and commodity price environments.

Net debt: Consolidated net debt (or “net financial debt”) is defined as bank loans and other borrowings plus overdrafts and other short-term borrowings minus cash and cash equivalents. Net debt excludes lease debt.

Definitions of Non-GAAP Financial Data and Concepts

Net working capital requirement is defined as working capital requirement net of provisions for inventories and trade receivables; net working capital requirement days are computed on an annualized quarterly sales basis.

Non-cash adjustments to net debt includes non-cash foreign exchange impacts on debt balances, IFRS-defined fair value adjustments on debt balances, and other non-cash items.

Non-cash items in EBITDA includes provisions and other non-cash items in EBITDA.

Operating working capital requirement includes working capital requirement as well as other receivables and payables.

Restructuring charges and non-recurring items consists primarily of the cash costs of executing the New Vallourec plan, including severance costs and other facility closure costs.

Total cash generation is defined as adjusted free cash flow +/- restructuring charges and non-recurring items and asset disposals & other cash items. It corresponds to net cash used in operating activities +/- gross capital expenditure and asset disposals & other cash items.

Working capital requirement is defined as trade receivables plus inventories minus trade payables (excluding provisions).

Share Information and Financial Calendar

Share Information

Euronext Paris

ISIN code: FR0013506730

Ticker: VK

USA: American Depositary Receipt (ADR)

ISIN code: US92023R4074

Ticker: VLOWY

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Financial Calendar

- **March 1st, 2024:** Publication of Fourth Quarter and Full Year 2023 Results
- **May 16th, 2024:** Publication of First Quarter 2024 Results
- **May 23rd, 2024:** Annual General Meeting

Upcoming Investor Events

- **November 30th, 2023:** CIC Forum (Paris, France)
- **January 11th – 12th, 2024:** Oddo BHF Forum (Lyon, France)